

A STUDY ON THE EVOLUTION HISTORY, GROWTH AND FUTURE OF E-COMMERCE INDUSTRIES IN INDIA

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ABSTRACT

E-Commerce is a part of e-business or is a subset of e-business wherein the commercial transactions and trading of merchandise are carried out using internet, websites and apps. It is simply retail sales made from a business entity to an individual consumer. It involves sale of physical products in online. The present study is an attempt to exploratory research of the e-commerce industry in India with the objective to understand its history, the evolution of E-commerce, industry present scenario in India and future prospects of E-commerce. The study is based on secondary data which is collected from various websites blogs, articles and reports. The result shows that the e-commerce industry in India is showing upward trend with huge investment and business opportunities and will emerge as an e-commerce powerhouse.

Keywords: e-Commerce, future, growth, evolution, internet penetration.

Introduction

Today, e-Commerce has been growing rapidly all through the world. Reports says that during 2020, over two billion people purchased goods or services online, and during the same year, e-retail sales surpassed 4.2 trillion U.S. dollars worldwide accounting for 18% of all retail sales worldwide. The development of digital mode is exploding very fast in the Asia Pacific region,

wherein India is the fastest growing online retail market which is solely because of the constantly increasing internet access. Internet penetration rate in India went up to around 45 percent in 2021, which was just 4% in 2007 with the most dominant mobile internet users in the country. During the pandemic, global retail e-commerce sales grew with more than 25% especially in India in this period of time. Seeing the sudden change in the graph in terms of internet usage and e-retailing, the study is felt apt as it aligns with the present-day transformation globally in terms of consumerism.

Literature Review

Louise Myjel Guevarra, (SEPTEMBER 6, 2018) blog E-COMMERCE: The Past, Present, and Future published on SPIRALYTICS performance marketing website. Explains e-commerce, and discuss the past, present and future of e-commerce. In 1998 PayPal made Global E-Commerce possible as an acquired Bank that does payment processing for online sellers, auction sites and commercial users. The development and growth of e-commerce industry will still rely heavily on Advance in technology and socio-cultural influences.

Austin Caldwell (April 15, 2021) commerce stats and facts published on website netsuite.com. discusses the statistics and facts of e-commerce like general e commerce stats, e-commerce Shopping Cart stat , consumer E-Commerce stats, social media stats, email commerce stats E-Commerce platform stats mobile e-commerce, conversion rate, Optimization stats, customer service stats, Search Engine Optimization stats, shopping traffic pattern behavior, payment stats and impact of covid-19 worldwide.

International Trade Administration (October 23, 2021) India Country Commercial Guide-E-Commerce published in website describes how widely E-Commerce is used, the primary sector that sells through the commerce and how much product and service in each sector is sold through e-commerce. It also provides market overview, assessment of current buyer behavior in market, covid-19 impact on Indian e-commerce sector, Government initiatives and foreign direct investment, equity ownership, exclusivity, compliance certificate, local E-Commerce sales rules and regulation local, E-Commerce business service provider ecosystem.

Arc Advisory Group, published article e commerce in India is booming on website arcweb.com. Provides an overview of e-commerce in India, scope of e commerce booming in India.

Adrian (2021), published an article future of e-commerce 10 International growth trends on website beeketing.com. 10 International growth Trends are 1. Global E-Commerce retail sale to

hit 4.9 dollar trillion by 2021,2. Omni channel shopping will become more prevalent, 3. Social shopping is on the right, 4. The center of e-commerce is shifting from the Western hemisphere due to the rise of globalization and the improvement of Technology and infrastructure from the non western region.5. Domestic Shoppers go cross border shopping, 6. B2B E-Commerce is a biggest giant,- in the US alone B2B E-Commerce sale will hit 1.184 trillion dollar by 2021. 7. E-Commerce personalization will be a standard, 8. Mobile shopping revolution, 9. Voice commerce is the horizon, 10. New payment option will emerge.

Michael Keenan (May 13, 2021) Published an article Global E-Commerce explained: Stats and Trends to Watch In 2021 on website shopify. in. It Provides a guide to inside look on global e-commerce and tips to expand into the market.

Christina Marfice(September 8, 2020) publishes a blog “the evolution of e-commerce timeline” in the website plytix.com. It provides a timeline of how e-commerce emerged for a generation of shoppers and introduce us how 50 year of technological advancement gave the birth to e-commerce industry we now know.

Web Synergies (June 21, 2021) article E-Commerce – Stats, Facts and Trends 2021 published on websynergies.com. Provides an overview regarding e-commerce and some amazing fact & trend of e-commerce for the year 2021.

Punit Gupta published an article “Nailing online commerce: 10 e-commerce trends in 2021” on the website Indianretailer.com and opined that to gain the in-depth knowledge of e-commerce industry we need to understand the emerging trends.

Faheem Hasan (July 6, 2021) published a blog “what are the latest trends in e-store development for the 2021” on the website mavencluster.com. He discussed top e-commerce development trends in 2021 which are Sustainable practices, Global consumer base, interactive content, social commerce, Chatbots, Integration of voice shopping, Personalized service, User generated content, Augmented reality, mobile apps, Self- service platform, Omni-channel commerce. He felt that it is important to keep up with these trends and provide better experiences to customer.

Tanjeet(June 29, 2021) A blog “Future of e-commerce and online shopping in India” published on website innoraft.com. It explains what is the future of e-commerce in India? why is the e-commerce industry seen with such huge potential? It also talks about the latest technology, trends in the industries.

Research Methodology

The present study is exploratory research of e-Commerce. Efforts are taken to explore the e-commerce timeline to understand the past, present and future. The study is based on the secondary data. The data is collected from websites (like ststista.com, IBEF.com, Datatreportal.com etc) blogs, articles to understand aspects on the evolution history of e-commerce, present scenario and future trends of e-commerce. Descriptive analysis has been made along with some graphical analysis of the collected data for the purpose of interpretation and to draw a concrete conclusion.

Evolution History of E-Commerce in the World:

The history of e-commerce begins with the first ever online sale on August 11, 1994 when a man sold a CD by the band sting to his friend through his website Net Market, which is an American retail platform. This is the first example of a consumer purchasing a product from a business through the world wide web or e-commerce as we commonly know it today. Since then, e-commerce has evolved to make products easier to discover and purchase through online retailers and market places.

When we look at the history of e-commerce in the world, we can say that the initial stage can be tracked to the early 1970s when electronic fund transfer (EFT) was used to perform financial transaction electronically. It was mostly used by financial institutions, big companies, and few other risk-taking companies. In the late 1970s, Electronic Data Interchange (EDI) was developed which eliminated the problems of Electronic Fund Transfer (EFT). And in 1979 teleshopping was invented by Michael Aldrich. These technologies can be attributed as a stepping stone for modern day e-commerce.

In early 1990s, World Wide Web (WWW) or Internet became commercialized, due to which online shopping grew exponentially. In 1990s, the term 'electronic commerce' or 'e-commerce' came formally into existence. It can be said that between 1990 - 2010, the application of e-commerce widened actually. A large number of Internet start-ups and e-commerce sites appeared during this period.

Evolution history of e-commerce in India and India's e-commerce milestones:

e-Commerce came into India in 1991 when internet was not that prevalent in India. Only in the late 90s people of India became aware of internet and it was in 2002, when the IRCTC (Indian Railway Catering and Tourism Corporation) launched an Online Reservation System/ E-ticketing

which was accepted by the general public and felt that internet is useful. As this system is founded by Indian Railway and was under government surveillance the reliability and trust of consumer enhanced on this platform. Here are some important milestones of e-commerce in India.

1999 - Rediff.com: In India e-commerce was introduced when rediff added online shopping to its portal.

2000 -Indiatimes entered into e-commerce market: None of the two companies (rediff.com and Indiatimes) were able to extensively convince the country to shop online.

2000 - Baazee.com: It was a flawless market place model where user buy and sell pre owned products. Later this platform was acquired by US based ecommerce company eBay.

2002- IRCTC was launched. It is an Online Reservation System/ E-ticketing. People felt safe to use this platform due to the website being under government surveillance.

2005 - Makemytrip.com: It started its operation in India in September 2005 by offering online tickets to the travelers and also focused on other business like holiday packages and hotel booking.

2006 - Yatra.com: It was the second online flight ticketing industry.

2007- Bookmyshow.com: Online ticketing platform for entertainment industry in India.

2007- Flipkart.com: The product based ecommerce in India started taking shape only with flipkart.

2008 -Foodiesbay: was introduced by Deepinder Goyal and Pankaj Chaddah (The Present day ZOMATO). It is a multinational restaurant aggregator and food delivery company. Currently named as Zomato.

2009 - Myntra.com: It was in the business of personalization of products online later company expanded its catalogue to retail fashion and lifestyle products.

2010 - Snapdeal.com: It was started as daily deal platform

2012- Jabong.com: An Indian fashion and lifestyle e-commerce portal.

2013- Amazon.com: In India it was launched in 2013. It started with electronics goods and now it has expanded to fashion apparel, beauty home essentials and health care categories.

2013- Swiggy: online food ordering and delivery services

2015 Digital India: It is launched by government of India. For digital infrastructure as a utility for the citizen, governance and services on demand and digital empowerment of citizen. (dqindia.com)

2016 Reliance jio launched 4G services by Mukesh Ambani. It offers free data and voice services for almost 1.5 years to the customers. In 1month they acquired 16 million subscribers.

2016 BHIM (Bharat interface for money) was launched by National payments Corporation of India(NPCI). It is an Indian mobile payment app.

2020 **COVID-19** break down pushed the customer online to unprecedented level.

The real first stepping stone for the e-commerce industry launch in India was the creation of Flipkart, when IIT Delhi's two engineers decided to sell books online from an apartment in Koramangala, Bengaluru. They would not have even had a clue that a decade later, the US retail giant, Walmart, would acquire their business. But when the Flipkart came into the being, then again, the accessibility of internet was not sufficient enough to boost up its market. It was the marketing strategy that Mukesh Ambani of Reliance Industries applied which changed the entire turnaround of the internet use by offering the data packs for free of cost for few months or at a cost which was not just comparable with the competitors price for data packs that time and pick up of the e-commerce industries in India. With this move of the Reliance group, the other service providers also had to slash down their prices and incidentally, the volume of internet users increased at a tremendous pace all over the country. Almost all business had an online projection when the government allowed a 100% FDI cap in B2B e-Commerce businesses.

Present scenario of e-Commerce industry in India:

e-Commerce has changed the way people shop, consumer products and services. People are buying through their computer and smart devices like mobile phones, i-pad, etc to order goods, which can easily be delivered to their homes. It has become an indispensable part of the global retail framework. As internet access and adoption is widely increased worldwide, the number of online buyers is rising day by day. In year 2020 the e-retail sale cross 4.2 trillion U.S. dollar worldwide. With a market cap of nearly 1,735 billion U.S. dollars, Amazon ranks first among the leading large cap e-commerce companies worldwide as per June 2021 statistics as compared to other countries like Alibaba of China, Prosus of Netherlands, etc. Market cap of Indian

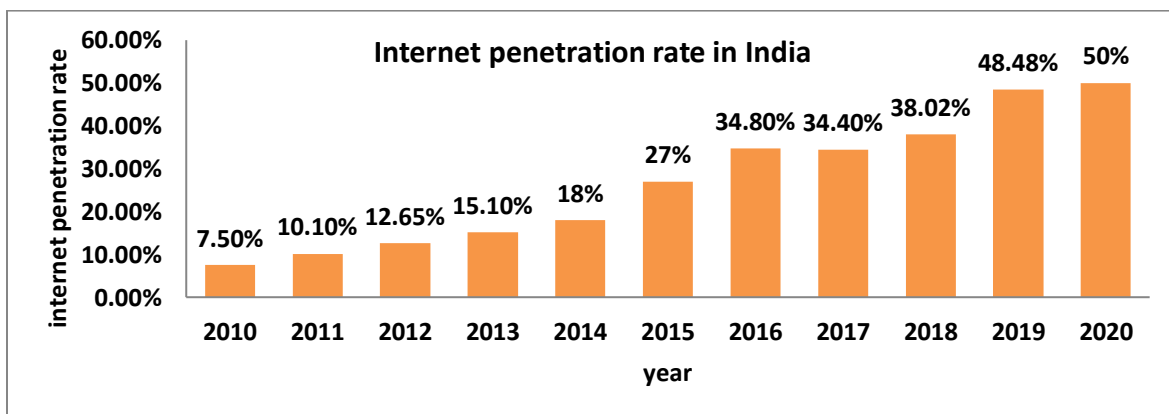
companies like Zomato is Rs crores 108900, Nykaa is Rs crores 99984, Info edge is Rs crores 72175 and India mart is Rs crores 20235.

The online delivery of goods and services has become an integral part of our daily life during the pandemic now. The desire to avoid getting infected by covid through personal visits to shops has greatly added to the lure of the online market place. India had a population of 1.39 billion in January 2021. The population is increased by 13 million (+1.0%) from January 2020 to January 2021. 48.0% of India population is female and 52.0% of population is male. 35.2% of India population live in urban centre while 64.8% lives in rural area. India is the eighth largest e-commerce market in the world. Indian e-commerce market is estimated to be worth over \$55 billion in gross merchandise value in 2021. The online retail market is estimated grew to 25% of the total organized retail market, to touch the \$38 billion in year 2021. Despite of the covid-19 lockdown the overall retail market shrunk by 5% along with a 7.3 % contribution in GDP.

Internet Users in India

As of January 2021, there were 4.66 billion active internet users worldwide which is 59.5 % of the global population. Of this total, 92.6 % (4.32 billion) accessed the internet via mobile devices. India's digital population is approximately 784.59 million active users as of July 2021 about 40% of the population, being the second largest user base in the world only behind the China. The internet penetration rate in India is increasing around 45% in current year.

Internet penetration rate in India from 2010 to 2020

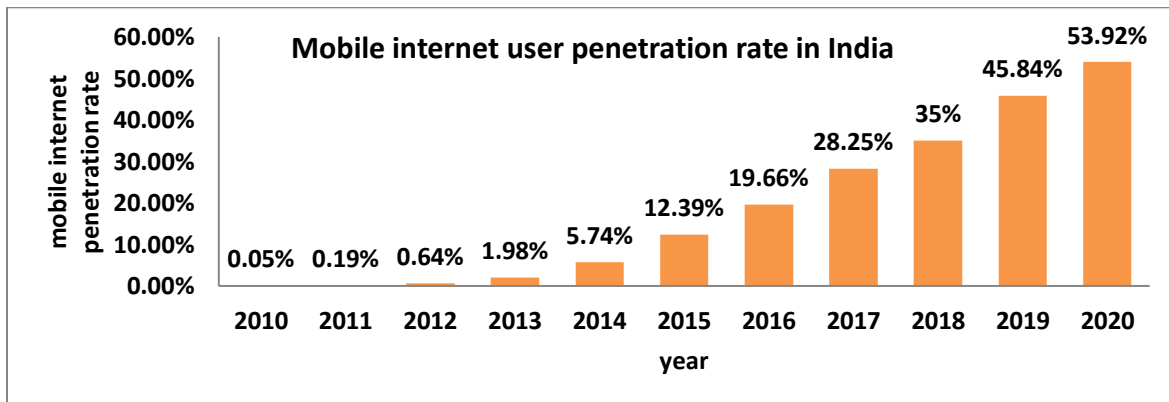
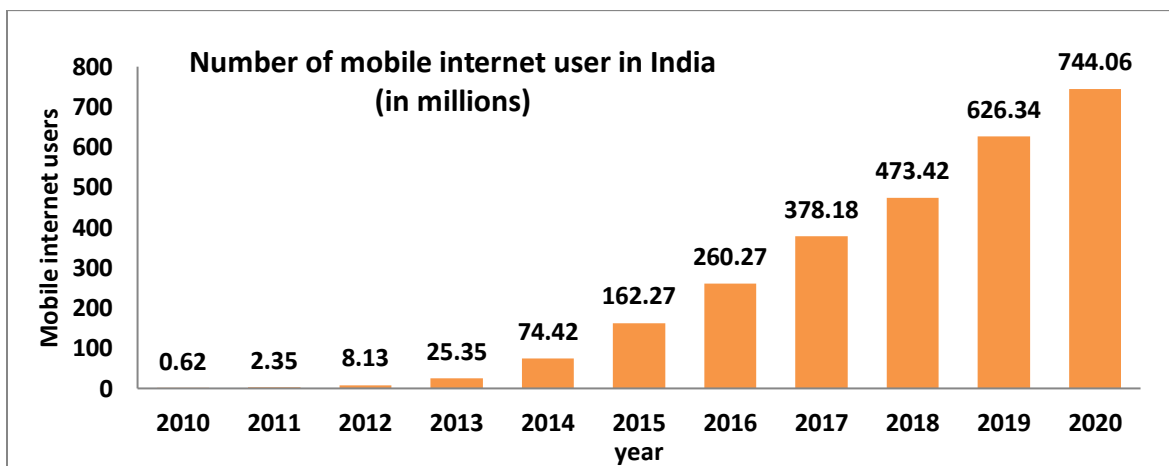


The internet user's population in India is increasing annually. The above histogram is clearly showing an upward trend. In the year 2010 only 7.50% people were using internet in India, but

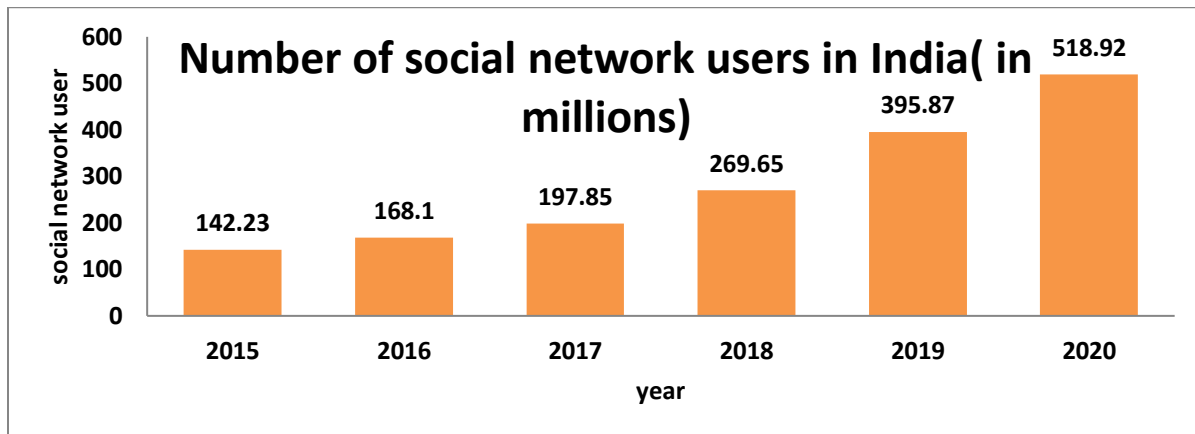
in the year 2020 it reached up to 50% which is almost 7 times increase in just one decade and it is expected to increase further. To get updated with technology internet connection is a must.

Mobile connections in India

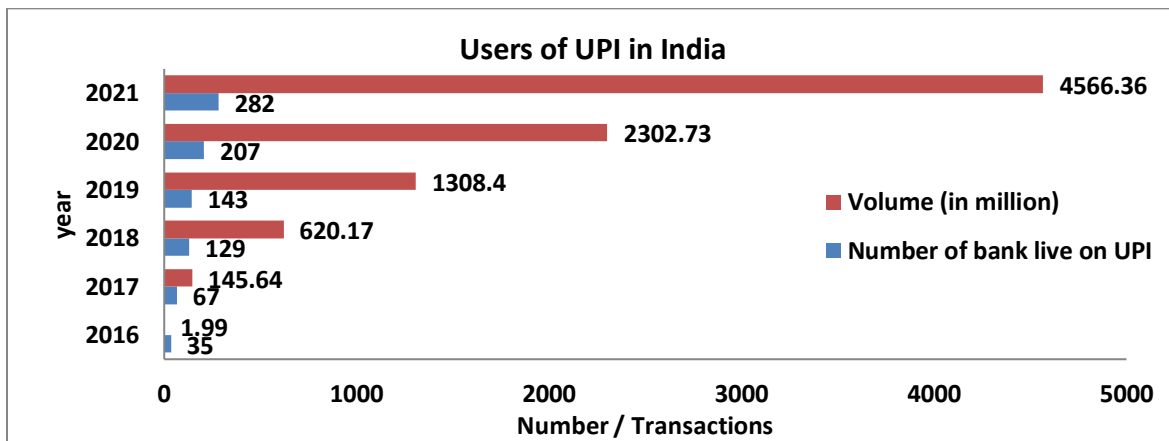
In India there were around 1.20 billion mobile connections in January. The number of mobile connections increased by 23 million (+2.1%) from January 2020 to January 2021. The number of mobile connections in India in January 2021 was equivalent to 79% of the total population.



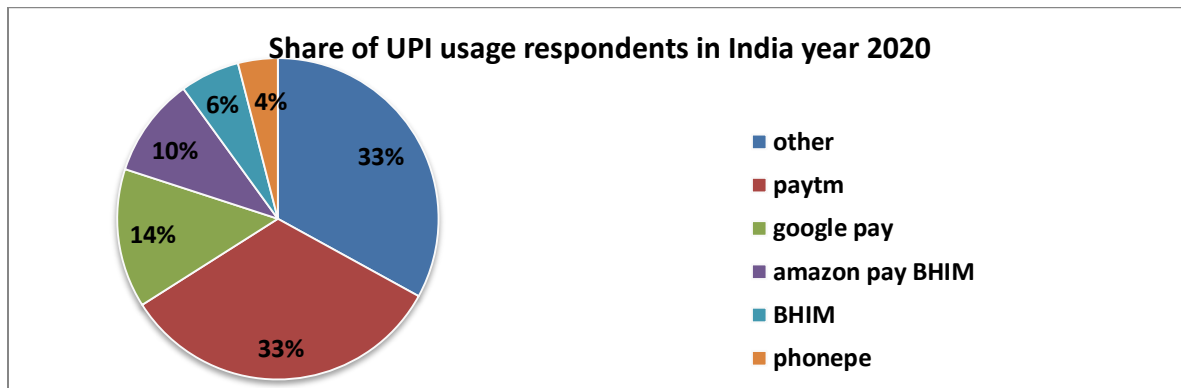
The most preferable device for using the internet is mobile phone or the smart phone. The above chart shows the number of mobile internet users. We find in year 2010 there was only 0.62 million people who use mobile phone for internet which is only 0.05% of the population and now it increased to 744.6 million people which is 53.92% of total population in just 10 years.



Social network website helps the user to personally connect with each other through various internet connections using various devices. In India there was 518.92 million people using social network in the year 2020, which is almost 4 time greater number than 5 years earlier(i.e. 142.23 million)



Digital payment is one of the most preferable methods of payment in e-commerce industry. There are various options for payment like cash on delivery, debit card, credit card, and UPI. The above chart shows the users of the UPI and the volume of the transaction done in India during the year 2016-2021.and it also shows the number of banks that provides UPI payment facilities. In the initial year 2016 there was only 35 banks who provided UPI facility with 1.99 million transactions done. Now the number of banks providing UPI facility is increased to 282 banks and 4566.36 million transactions took place during the year 2021. This shows the upward trend in the use of UPI in India.



Above chart shows the share of UPI apps usage by the respondents in India for digital payment as of 2020. Around 33% of respondents use other different apps , 33% are using Paytm app, 14 % respondents use Google pay, 10 % respondents use amazon pay, 6% uses BHIM app and 4 % respondents use phonepe app during the year.

FUTURE OF E-COMMERCE IN INDIA:

The future of e-commerce industry especially in India seems to be very promising and is expected to bring in huge business opportunities in the country thereby leading to consistent economic growth. The possible trends along with the current technology and digitalisation in the industry, is the most talked about artificial intelligence. This is expected to create a big impact on e-commerce sector in the near future. This may be a good contribution for a better user experience which can offer personalised suggestions to prospective customers and create a more customised buying experience using the previously collected and processed data. Also, as per a survey conducted by Accenture, 91% of the consumers are likely to shop with brands which they remember, recognise and provide relevant offers and recommendations. The personalisation in e-commerce is the practise of displaying content, and showing specific offers on e-commerce sites based on previous activities, actions, purchase history, demographical data and such other data.

In the near future we may see an e-commerce chatbot which is an artificial intelligence-powered Intelligent Virtual Assistant that the online retailers may use to engage clients at every stage of their purchase journey. Also technologies that enhances senses, and which are intended to increase the purchasing experience of the customers can be expected in the near future. Advancements in augmented and virtual reality may also contribute in improving the e-commerce industry. By looking at the present environment crisis, the e-commerce industry is expected to flourish in the future to be applying sustainable approach and eco-friendly options

that may be offered from this sector. There may be chances of accepting digital currency as payment in online stores in the future.

FINDINGS

- India, as per the statistics of 2020 is the third largest country having online shoppers' base in the world. 2021 has added more than 40 million new online shoppers in the country with their previous 140 million online shoppers.
- The Market size of e-commerce industry across India from 2014-2020 (in billion U.S. dollar) in 2014 was 14 and in the year 2020 the value rose to 30. There has been a consistent e-commerce revenue growth rate in the country. In 2018 it was 37.4% but it drastically fell to 32.6% during the pandemic covid and again improved to 38.5% in 2020.
- The net sales of the top 10 online stores of india like amazon, ajio, big basket, jiomart, reliance digital, nykaa, apple.com, dell etc has fetched a revenue of 4560 million US dollars in 2020. Further, the online retail revenue is expected to grow further to more than 100 billion dollars in 2021 as per a research study by Google India of which the apparel segment is expected to contribute to more than 35% further.
- The sectoral composition of e-commerce retail by value of india in the year 2020 was consumer electronics 40%, apparels 40%, food and grocery 7%, jewellery 7%, furniture 4% and others 2%.
- Amazon is the biggest consumer internet and online service company worldwide with a market cap of approximately 1,735 billion U.S. dollars as of June 2021.
- The use of Internet, mobile internet, social network users and digital payment through UPI apps are increasing yearly. At present the number of internet users in India is almost 50 % of the population, out of that 53.92 % population use internet through mobile phone. And 69.74% of mobile phone internet users are using social network sites. Also, the volume of UPI payment has reached to 4566.36 million transactions which indicates the actual status of development of E-commerce industry in India.
- Sustainable approach in the e-commerce industry in the future is undoubtedly help in the growth of new sustainable start-ups with focus on environment.

CONCLUSION

From the above study, it is very evident that e-commerce has a very bright future which can expand its market even more bigger. Seeing the buyer behaviour and support to this industry, we find many business houses, and small companies putting more extra effort in indulging into e-

commerce stores. Although we find that the e-commerce industry in the country is expected to have endless opportunities, but again the success and persistence in the market would depend upon the customers and their tastes, choices and preferences which is an unpredictable factor which could be thought of now. Also, since we are relying more on e-commerce for essential services, supplies, etc, the government's proposed new guidelines to regulate online marketing platforms should be of real concern to the population. Consumer protection both for online and offline needs to be kept in mind while formulating regulations for the same. So, clear policies for the retail economy need to be created which takes into account both the brick and mortar sector as well as e-commerce.

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